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PP RUEHAST RUEHCI RUEHDBU RUEHLH RUEHNEH RUEHPW
DE RUEHBI #0406/01 2961653
ZNR UUUUU ZZH
P 231653Z OCT 09
FM AMCONSUL MUMBAI
TO RUEHC/SECSTATE WASHDC PRIORITY 7506
INFO RUCNCLS/ALL SOUTH AND CENTRAL ASIA COLLECTIVE
RUEHBI/AMCONSUL MUMBAI PRIORITY 2736
RUEHNE/AMEMBASSY NEW DELHI PRIORITY 8728
RUEHCI/AMCONSUL KOLKATA PRIORITY 1925
RUEHCG/AMCONSUL CHENNAI PRIORITY 2137
RUEAIIA/CIA WASHDC
RHEHAAA/NSC WASHINGTON DC

UNCLAS SECTION 01 OF 04 MUMBAI 000406

SENSITIVE
SIPDIS

E.O. 12958: N/A

TAGS: [PGOV](#) [IN](#)

SUBJECT: CONGRESS-LED COALITION WINS AGAIN IN MAHARASHTRA, BUT
POLITICAL WINDS ARE SHIFTING

REF: A) MUMBAI 397; B) MUMBAI 382; C) MUMBAI 369; D) MUMBAI 364

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1. (SBU) Summary: The Congress-Nationalist Congress Party (NCP) Democratic Front (DF) alliance returned to power a third time, reaching the half-way mark in a 288 member house. The Congress emerged clearly as the strongest party in the state parliament, continuing to ride the wave of national pro-Congress sentiment. The party will now have a much freer hand in choosing the Chief Minister and key portfolios in the coalition's next iteration. The other three major parties in the state - the NCP, the Shiv Sena, and the Bharatiya Janata Party (BJP) -- all suffered an erosion of their 2004 tallies. Without a doubt, the inadvertent architect of the DF win was the emergent Maharashtra Navnirman Sena (MNS). The MNS won only 13 seats, but caused the defeat of Shiv Sena-BJP alliance candidates in nearly 40 seats throughout the state. The Shiv Sena and BJP are both looking for explanations for their third straight loss, as the parties expected to capitalize on significant anti-incumbency sentiments. While regrouping, the Sena and the BJP will have to re-evaluate the power equations within the coalition, and attempt to address the MNS challenge. Going forward, observers hope that the strong Congress hand in the coalition will minimize the politicking and poor governance of the previous two DF governments. End Summary.

Contours of a Win: Will Governance Improve With a Stronger Congress

2. (SBU) Maharashtra voters have again chosen the Congress-Nationalist Congress Party (NCP) coalition, the Democratic Front (DF), for another term, giving the Congress Party a healthy mandate. Of the state's 288 assembly seats, the DF won 144, or exactly half of the seats, and expects to gain more as party rebels who ran and won as independents return to the fold. With 82 seats to the NCP's 62, the Congress is now the unquestioned leader of the coalition, and will likely regain many of the most important state ministerial portfolios, such as Home and Finance, which it ceded to the NCP in the previous two governments. In the 2004 elections, the Congress won 69 seats to the NCP's 71, and intra-coalition politicking took the place of governance, as ministers and party members fought over the spoils of office. With a stronger hand for the Congress, it is hoped that its leaders will prove more efficient and effective leadership, and will be less beholden to the whims of smaller

parties and factions.

13. (SBU) The Shiv Sena-Bharatiya Janata Party (BJP) coalition lost considerable ground in the state race. The BJP lost ten (from 56 to 46), and the Shiv Sena 18 (from 62 to 44), making the BJP the senior coalition partner. Raj Thackeray's Maharashtra Navnirman Sena (MNS) won 13 seats, six of them in Mumbai, leaving the party as the second most powerful in the city. The vote share of all four major parties decreased in the election, making way for the MNS which drew 5.7 percent of the state-wide vote. While it is still not a major force in the state assembly with 13 seats, the MNS directly caused the defeat of Shiv Sena or BJP candidates in 11 constituencies in Mumbai, and in nearly 30 constituencies in Pune, Thane, and Nasik, throwing the election to DF candidates.

14. (SBU) Current Chief Minister Ashok Chavan took credit for the Congress' strong showing, arguing that the DF's development plans appealed to voters. Most voters, however, would disagree, as the DF's performance was widely considered to have been dismal; indeed, 11 incumbent state ministers lost their seats. Here again, the Congress was helped by the same trends that aided its victory in the national elections in May - strong support for the national Congress government in New Delhi, the declining Shiv Sena-BJP coalition, and the disruptive effect of the new MNS. In the race for CM, the party could stick with the more youthful Ashok Chavan, who replaced former CM Vilasrao Deshmukh after the Mumbai attacks in December 2008, instead of other old party stalwarts, such as former CM and current Union Power Minister Sushil Kumar Shinde, and a former Shiv Sena CM, Narayan Rane, now with Congress. However, some have speculated that a dark horse candidate, Dalit Rohidas Patil, could also be the choice of Congress leaders in Delhi. Either way, with this

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comfortable victory, the Congress will not need a well-heeled coalition manager, such as Deshmukh.

Shiv Sena and BJP: Introspection, Consolidation Time

15. (SBU) BJP leaders were quick to blame the MNS for their defeats in many races, especially in major urban centers. The Shiv Sena-BJP coalition had hoped to capitalize on anti-incumbency in the state, though failed to find a single issue -- among many potential ones -- on which to capitalize, and are genuinely befuddled by the verdict of voters. (Note: A Rashtriya Swayamsevak Sangh leader told Congenoffs that their internal pre-election survey of Maharashtra constituencies showed that 57 percent of voters wanted "change" in government. End Note.) Observers feel that this had more to do with the lack of leadership within the coalition rather than a lack of issues; infighting between BJP state President Nitin Gadkari and national BJP leader from Maharashtra Gopinath Munde did the party no favors. Hoping to deflect blame, Gadkari pointed out that the party did better in rural areas of the state, where agricultural underdevelopment and farmer suicides were most prevalent, though the party lost seats in every area of Maharashtra, except for coastal and western Maharashtra.

16. (SBU) The Sena's performance was worse than observers expected. While Shiv Sena leader Uddhav Thackeray has not given an official comment about the verdict yet, it is clear that they've lost their commanding base in the Mumbai to the MNS, and have been severely dented elsewhere in the state. Most blame

party president Uddhav Thackeray's leadership for the debacle. Having assumed control from his ailing father, Balasaheb Thackeray, Uddhav's unassuming leadership has been seen as professional by some, and as un-charismatic and uninspiring by others; either way, he has been unable to claim the kinds of loyalties and support that his father once enjoyed. However, noted political scientist Suhas Palshikar told Congenoffs that Uddhav has a long term vision for his party, and is willing to accept a short term defeat to re-orient and re-shape the party for longer term success.

¶7. (SBU) The verdict will also shift the balance of power between the two parties. For the first time in the over 20 years of their alliance, the BJP has won more seats than the Shiv Sena. According to their pre-agreed formula, the post of "Leader of the Opposition" should now go to the BJP. Reportedly, Gadkari and Gopinath Munde met with the Thackerays to press their case. However, Uddhav is not likely to honor this agreement: although the BJP has a slightly larger number of MLAs, the Shiv Sena has the bulk of the senior leaders in the coalition who would not wish to serve under the leadership of a more junior, less-experienced BJP legislator. (Note: Neither Munde nor Gadkari are MLAs. End Note.)

NCP Accepts Role as Second Fiddle Player

¶8. (SBU) The NCP did better than pundits and pollsters predicted. Moreover, eight NCP rebels - NCP members who had to cede the official seat to a Congress candidate -- won against Congress candidates as independents. Most are from Western Maharashtra, and close to regional NCP leader Ajit Pawar, NCP leader and Union Agricultural Minister Sharad Pawar's nephew. It is widely believed that these rebels will be welcomed back into the party, to buttress the party's strength within the DF coalition. Bowing to the new power formulation in the state, Pawar acknowledged publicly that choosing the CM was the Congress' prerogative and that allocating the ministries would be handled amicably.

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The Biggest Winner: Raj Thackeray

¶9. (SBU) The most significant development in the state elections is the arrival of Raj Thackeray's MNS. Raj Thackeray walked out of the Shiv Sena in November 2005, and floated his own party in March 2006. After securing a few seats in city government elections in 2007 in Mumbai, Nasik, and Pune, Raj quickly became a national figure by opposing north Indian migrants in Maharashtra, and claiming to be the true representative of Marathi speakers in the state. While his tactical use of violence turned off many in cosmopolitan Mumbai and elsewhere in India, he was successful at tapping into latent Marathi regionalism, especially in urban areas. In the May 2009 national parliamentary election, the MNS captured 21 percent of the vote in Mumbai, causing the defeat of Shiv Sena-BJP alliance candidates in all six parliamentary seats in Mumbai. While his role as a spoiler was recognized, many commentators still questioned his ability to rise above political stunts and rhetoric and win political power.

¶10. (SBU) Belying these conjectures, the MNS attracted an important share of the youth and women vote in urban areas, filling the desire for fresh faces and new issues. He won 13 seats in Mumbai, Thane, Nashik and rural seats in Kalyan and Pune. MNS registered one win in distant Marathwada (south-central Maharashtra) too. The MNS caused the defeat of nearly 40 Sena-BJP candidates in Mumbai, Pune, Nasik, and Thane districts, by splitting the Marathi vote between Sena and MNS, or by pushing the Hindi-speaking migrant vote to the Congress. As Uddhav Thackeray bitterly commented throughout the campaign, "Raj is working with the single minded objective of finishing the Shiv Sena." The MNS has won six seats in Mumbai city, compared to the Shiv Sena's four, despite the Shiv Sena having controlled the Mumbai city government for over twenty-five years.

¶11. (SBU) On his party's performance, Raj told the media, "With my 13 members, I will show Maharashtra what an effective opposition can do." In one line, Raj belittled the Sena and BJP's performance as opposition, a continual theme during his campaign. Overall, no one knows what kind of party the MNS will be in power. Other than a few vague nods to development, employment and Marathi pride, it is not clear what the party stands for, and how it can constructively contribute to the problems faced by the state. His candidates were an unusual combination of thugs and educated professionals, with many fresh faces among them, and it is hard to predict how they will operate together as legislators. Moreover, it is an open secret that the Congress has often provided support to the MNS candidates on a constituency-by-constituency basis, knowing the damage the party will do to Shiv Sena. Will the MNS now turn on the Congress, and confront it in the assembly? Or will Raj seek to continue the long-standing family feud that has characterized much of the political rhetoric on the campaign trail? This will bear watching.

¶12. (SBU) Comment: The strong mandate for the Congress will likely lead to the re-appointment of Ashok Chavan as CM. Though initially considered as a stop-gap arrangement until the state elections, Chavan presided over two successful campaigns. For most of this time, according to local businessmen, he worked to re-orient the lines of payments away from his predecessor into his own coffers. Due to coalition politics, this state has been governed by its strong bureaucracy, though many believe it is now running on fumes. Now, it is hoped that he - or whoever takes the top spot - will have some mandate to govern. The chastened NCP will now focus on party rebuilding and absorbing rebels to buttress the numbers. BJP leaders Gadkari and Munde, who had seemed to bury their hatchet for the duration of the campaign, are likely to return to their internecine fights. The Shiv Sena has difficult choices ahead: Uddhav can continue to blame Raj for his party's grass-roots failures, or try to renew the party organization, inducting fresh faces rather than relying on trusted old guard. Raj Thackeray and his MNS are the newest players, and the most interesting to watch. If he can bring about cohesion and coherence to his motley thirteen,

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and serve as a pro-development force, then he could do justice to his party's name, the Army to Rebuild Maharashtra. Doing so would be quite a leap from his tough, rabble-rousing, political origins. End comment.
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